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BEFORE THE
ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
TUCSON ELECTRIC POWER COMPANY) DOCKET NO. E-01933A-12-0291
FOR THE ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES) NOTICE OF FILING OF
DESIGNED TO REALIZE A REASONABLE) SOUTHERN ARIZONA
RATE OF RETURN ON THE FAIR VALUE OF) HOMEBUILDERS ASSOCIATION
ITS OPERATIONS THROUGHOUT THE)
STATE OF ARIZONA.)

Southern Arizona Homebuilders Association hereby provides notice of filing of the
prepared Direct Testimony of David Godlewski in the above-docketed proceeding.

Dated this 21st day of December 2012.

Respectfully submitted,

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.
Attorney for Southern Arizona Homebuilders
Association

The original and thirteen (13) copies
of the foregoing will be filed this 21st
day of December 2012 with:

Docket Control Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

A copy of the same served by e-mail or first
class mail this same date to:

All Parties of Record

Arizona Corporation Commission

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**Prepared Direct Testimony
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Southern Arizona Homebuilders Association**

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**Prepared Direct Testimony
Of
David Godlewski
For
Southern Arizona Homebuilders Association**

Q.1 Please describe your name, business affiliation and business address.

A.1 My name is David Godlewski. I am President of Southern Arizona Homebuilders Association or SAHBA. SAHBA's offices are located at 2840 N. Country Club Road, Tucson, Arizona 85716.

Q.2 Please describe the nature and activities of SAHBA.

A.2 As indicated in its Application for Leave to Intervene in this proceeding, SAHBA is a member trade organization with 340 dues-paying members, which includes Home Builders, Developers, and Associate Members. SAHBA was incorporated in 1952, and its coverage area from the National Association of Home Builders includes Pima, Cochise and Santa Cruz Counties. SAHBA is a 501(C)(6) organization under the United States Internal Revenue Code.

SAHBA represents building industry professionals ranging from builders, developers, land planners, architects, engineers, environmental consultants, trade contractors, banking and mortgage, real estate, and the many supporting disciplines necessary to create, sell, remodel, furnish and maintain new homes and communities throughout southern Arizona. SAHBA provides a venue for its members to share information and to network with other professionals involved in the home building industry. In addition, SAHBA serves as the sponsoring organization of a semi-annual home show allowing members and other merchants to gather and showcase the latest in home improvement and indoor and outdoor

1 living areas.

2 SAHBA also serves as an advocate for its membership and keeps them
3 apprised of changes in regulatory and governmental matters that will affect their
4 businesses. In that regard, SAHBA actively participated as an advocate on behalf
5 of its membership in proceedings before the Commission in Docket Nos. E-
6 01933A-07-0402 and E-01933A-05-0650, which resulted in the Commission's
7 issuance of Decision No. 72501. That decision reinstated Tucson Electric Power
8 Company's ("TEP") historical line extension tariff provisions, which previously
9 had been "removed" by TEP pursuant to the Commission's Decision No. 70628.
10

11 **Q.3 Why did SAHBA decide to intervene in this proceeding?**

12 A.3 On July 2, 2012 TEP filed a request with the Commission for an increase in its
13 rates and charges for electric service, which filing occasioned the initiation of this
14 proceeding. As a part of its Application, TEP submitted proposals relating to the
15 subject of Energy Efficiency, which is of interest to SAHBA and its members.
16

17 More specifically, during the previously mentioned proceedings conducted
18 in Docket Nos. E-01933A-07-0402 and E-01933A-05-0650, SAHBA indicated its
19 intent to continue to educate its members about and promote the use of Energy
20 Efficiency application in new homes, where feasible. In that regard, SAHBA's
21 members comply with the energy conservation requirements of international and
22 local building codes; and, SAHBA's members have participated in TEP's "beyond
23 code" Energy Efficiency program from time to time. As a consequence, SAHBA
24 concluded that its members must be in a position (i) to continue to inform
25 themselves as to TEP's Energy Efficiency policies and programs, as the same may
26 exist from time-to-time; and, as necessary or appropriate, (ii) to endeavor to

1 influence the same within the context of this proceeding.

2 It is conceivable that existing TEP Energy Efficiency programs in which
3 SAHBA members currently participate and/or hereafter might participate could be
4 changed or eliminated as a result of this proceeding. Accordingly, SAHBA and its
5 members wanted to be sure that the Commission was aware of our interests and
6 concerns before it reached a final decision on TEP's proposals as the same relate to
7 Energy Efficiency.
8

9 **Q.4 Has SAHBA identified some potential advantages for SAHBA members in**
10 **TEP's Energy Efficiency proposals in this proceeding?**

11 A.4 Yes. Based upon our understanding of TEP's filing, including a recent meeting
12 with representatives of TEP, it is SAHBA's understanding that TEP's proposed
13 Energy Efficiency programs would offer advantages for both homebuilders and
14 home buyers, if approved by the Commission.
15

16 **Q.5 What would be some of the advantages for homebuilders?**

17 A.5 Briefly summarized, the advantages would be as follows. First, improved
18 construction quality as a result of subcontractors having to ensure their work meets
19 associated testing requirements, which also helps reduce subsequent warranty
20 claims. Second, from a marketing standpoint, there can be a competitive advantage
21 for participating homebuilders, which comes from overall energy efficiency and
22 performance, as contrasted with non-program participant homes. Third, financial
23 incentives or rebates help offset increased building costs associated with meeting
24 program standards.
25
26

1 **Q.6 What would be some of the advantages for the homebuyer?**

2 A.6 Homes certified by an independent third party are required to satisfy a higher
3 standard for Energy Efficiency than homes built to comply only with the minimum
4 code requirements. The result is lower operating costs for the homeowner resulting
5 from properly sized and higher efficiency HVAC equipment, more efficient
6 window systems and improved indoor air quality.
7

8 **Q.7 Has SAHBA identified any aspect of TEP's Energy Efficiency proposals in**
9 **this proceeding which are of concern to SAHBA and its members?**

10 A.7 No, based upon the analysis we have been able to conduct thus far. However, I
11 should note that we are still at an early procedural phase of this proceeding, with
12 the prepared Direct Testimony of the Commission's Staff and other Intervenors
13 and TEP's prepared Rebuttal Testimony yet to be filed, so it is possible that one or
14 more issues of concern might be raised, which SAHBA would respond to in its
15 prepared Surrebuttal Testimony. In addition, it is conceivable that an issue might
16 arise within the context of TEP's Rejoinder Testimony or during the forthcoming
17 evidentiary hearing to which SAHBA might find it necessary to respond, by means
18 of cross-examination and/or post-hearing briefing.
19

20 **Q.8 Has TEP proposed anything in its July 2, 2012 filing which relates to TEP's**
21 **line extension provisions which were the subject of the Commission's Decision**
22 **No. 72501, and SAHBA's participation in Docket Nos. E-01933A-07-0402 and**
23 **E-1933A-05-0650?**

24 A.8 As of this juncture, TEP does not appear to have proposed any changes to the line
25 extension tariff provisions, which were restored with the Commission's Decision
26

1 No. 72501. However, as SAHBA noted in its Application for Leave to Intervene,
2 circumstances can change during the course of a rate case. Accordingly, SAHBA
3 requested intervention in the current proceeding in order to be in a position to
4 preserve the interests of its members with respect to this subject, should a need to
5 do so arise.
6

7 **Q.9 Does SAHBA have any members who are electric ratepayers of TEP?**

8 A.9 Yes. In addition, SAHBA itself is also one of TEP's ratepayers.
9

10 **Q.10 Would an increase in TEP's commercial rates and charges for electric service**
11 **directly impact the cost of doing business for such members and SAHBA?**

12 A.10 Yes.
13

14 **Q.11 Does SAHBA intend to participate in the settlement discussions which have**
15 **been scheduled to occur in this proceeding?**

16 A.11 Yes. SAHBA also intends to participate in the evidentiary hearings which will be
17 conducted, with or without a settlement, as and to the extent necessary or
18 appropriate to represent the interests of SAHBA and its members.
19

20 **Q.12 Does this complete your Direct Testimony?**

21 A.12 Yes, it does.
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